

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 1665 – HB 1749**

April 4, 2016

**SUMMARY OF ORIGINAL BILL:** Exempts retired federal, state, and local law enforcement officers who retired in good standing from the \$500 application and processing fee required for a lifetime handgun carry permit.

**FISCAL IMPACT OF ORIGINAL BILL:**

Decrease State Revenue – Exceeds \$4,600/Handgun Permit Division

Forgone State Revenue – Exceeds \$5,800/Handgun Permit Division

**SUMMARY OF AMENDMENTS (012591, 015356):** Amendment 012591 deletes all language of the original bill. Authorizes a retired POST certified federal, state, and local law enforcement officer who retired in good standing after at least 10 years of service who was a resident of this state at the time of retirement and is a resident of Tennessee on the date of application to be eligible for a lifetime handgun carry permit for a fee of \$100 rather than a fee of \$500 as specified under Tenn. Code Ann. § 39-17-1351(x)(2).

Amendment 015356 establishes an effective date of January 1, 2017.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

**Increase State Revenue – Net Impact –**

**Exceeds \$300/Handgun Permit Division/FY16-17**

**Exceeds \$600/Handgun Permit Division/FY17-18 and Subsequent Years**

**Forgone State Revenue –**

**Exceeds \$100/Handgun Permit Division/FY16-17**

**Exceeds \$200/Handgun Permit Division/FY17-18 and Subsequent Years**

Assumptions for the bill as amended:

- An average of 100 officers across the state will retire annually.
- Forty percent of retired officers (or 40) will be commissioned as retired police officers, thus not requiring a handgun carry permit to carry a handgun.

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- The number of retired officers not commissioned is estimated to be 60 (100 – 40) per year.
- Of the remaining 60, it is assumed that 50 percent (or 30) will not choose to obtain a handgun carry permit after retirement under current law.
- The remaining 30 retired officers are assumed to obtain a handgun permit under current law.
- Tenn. Code Ann. § 8-36-205(a)(1) states that the mandatory retirement age for police officers for the purpose of the Tennessee Consolidated Retirement System is age 60; as a result, the average age for the retired officers affected by the provisions of this legislation is reasonably estimated to be 57.
- Retired officers (with an estimated average age of 57) would be unlikely to purchase a lifetime carry permit at \$500 under current law because, when taking average life expectancies into account, and when taking into account the initial \$115 price for a regular handgun carry permit along with \$50 renewals that occur only every fifth year, the decision would not be a cost-effective decision. As a result, few retired officers would be expected to get the lifetime permit under current law.
- However, with passage of this legislation, a retired officer could obtain the lifetime permit for \$100, effectively eliminating the need for a retired officer to purchase the regular handgun carry permit at \$115. Given an estimated 30 retired officers per year will obtain a handgun carry permit under current law, it is assumed there would be a recurring decrease in handgun carry permit revenue beginning in FY17-18 estimated to be \$450  $[(\$115 - \$100) \times 30]$ . Given the effective date of January 1, 2017, the decrease in handgun carry permit revenue in FY16-17 is estimated to be \$225  $(\$450 \times 50.0\%)$ .
- A portion of retired officers who currently have renewable handgun carry permits would elect not to get the \$100 lifetime permit due to the \$50 cost of renewing their regular handgun carry permits; while others may elect to get the lifetime permit in lieu of renewing once every five years. It is assumed that any one-time increase in permit fee revenue realized initially because retired officers elect to purchase the lifetime permit in lieu of renewing their standard permit will be offset by subsequent reductions of renewal permit fee revenue in future years. Any net impact to permit fee revenue as a result of this cohort of retired officers is considered not significant.
- In addition, and given the opportunity to obtain a lifetime handgun carry permit for \$100 under the provisions of this legislation, it is assumed that some of the retired officers who would have elected not to obtain a handgun carry permit under current law, as well as other officers who are currently retired that do not have a handgun carry permit, would elect to get the \$100 lifetime permit under the provisions of this legislation. As a result, it is assumed that a minimum of 10 additional retired officers would elect to obtain a lifetime handgun carry permit each year pursuant to the provisions of this legislation.
- The recurring increase in state revenue beginning in FY17-18 is estimated to exceed \$1,000 (a minimum of 10 new lifetime permits  $\times$  \$100 proposed fee); the increase in state revenue in FY16-17 is estimated to be \$500  $(\$1,000 \times 50.0\%)$  due to the effective date provision.

- The recurring forgone state revenue beginning in FY17-18 is reasonably estimated to exceed \$150 [a minimum of 10 officers x (\$115 - \$100)]; the forgone state revenue in FY16-17 is estimated to exceed \$75 (\$150 x 50.0%) due to effective date provision.
- The net recurring increase in state permit fee revenue to the Handgun Permit Division beginning in FY17-18 is estimated to exceed \$550 (\$1,000 - \$450); the net increase in state revenue in FY16-17 is estimated to exceed \$275 (\$500 - \$225) due to the effective date provision.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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